

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

FEBRUARY 22, 2000

IN RE:)
)
APPLICATION OF CARDINAL) **DOCKET NO. 99-00709**
COMMUNICATIONS OF TENNESSEE, INC. FOR A)
CERTIFICATE TO PROVIDE FACILITIES-BASED)
COMPETING LOCAL TELECOMMUNICATIONS)
SERVICES AND INTRASTATE, INTEREXCHANGE)
TELECOMMUNICATION SERVICES)

**ORDER GRANTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

On January 26, 2000, this matter came before the Tennessee Regulatory Authority ("Authority") upon the Application of Cardinal Communications of Tennessee, Inc. ("Cardinal") for a Certificate to Provide Facilities-Based Competing Local Telecommunications Services and Intrastate, Interexchange Telecommunication Services in Tennessee ("Application"). The Application was made pursuant to Tenn. Code Ann. § 65-4-201 *et seq.*

LEGAL STANDARD FOR GRANTING CCN

The Application of Cardinal was considered in light of the criteria for granting a certificate of public convenience and necessity ("CCN") as set forth in applicable statutes. Tenn. Code Ann. § 65-4-201 provides, in part:

(a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application

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and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate . . .

* * *

(c) After notice to the incumbent local exchange telephone company and other interested parties and following a hearing, the authority shall grant a certificate of convenience and necessity to a competing telecommunications service provider if after examining the evidence presented, the authority finds:

(1) The applicant has demonstrated that it will adhere to all applicable commission policies, rules and orders; and

(2) The applicant possesses sufficient managerial, financial, and technical abilities to provide the applied for services.

An authority order, including appropriate findings of fact and conclusions of law, denying or approving, with or without modification, an application for certification of a competing telecommunications service provider shall be entered no more than sixty (60) days from the filing of the application.

(d) Subsection (c) is not applicable to areas served by an incumbent local exchange telephone company with fewer than 100,000 total access lines in this state unless such company voluntarily enters into an interconnection agreement with a competing telecommunications service provider or unless such incumbent local exchange telephone company applies for a certificate to provide telecommunications services in an area outside its service area existing on June 6, 1995.

Furthermore, pursuant to Tenn. Code Ann. § 65-5-212, competing telecommunications providers are required to file with the Authority (1) a plan containing the provider's plan for purchasing goods and services from small and minority-owned telecommunications businesses; and (2) information on programs that might provide technical assistance to such businesses.

INTERVENORS

Public notice of the hearing in this matter was made by the Authority's Executive Secretary, pursuant to Tenn. Code Ann. § 65-4-204. No interested persons sought intervention prior to or during the hearing.

CARDINAL'S HEARING

Cardinal's Application was uncontested. At the hearing held on January 26, 2000, Cardinal was represented by Anne E. Franklin of Arnall Golden & Gregory, L.L.P., 2800 One Atlantic Center, 1201 West Peachtree Street, Atlanta, Georgia 30309. In addition, Earle MacKenzie, President of Cardinal, presented testimony and was subject to examination by the Authority's Directors. Upon Cardinal's conclusion of proof in its case, the Authority granted Cardinal's Application based upon the following findings of fact and conclusions of law:

I. APPLICANT'S QUALIFICATIONS

1. Cardinal is a corporation organized under the laws of the State of Delaware on August 17, 1999, and was qualified to transact business in Tennessee on September 13, 1999.
2. The complete street address of Cardinal's principal place of business is 585 Loblolly Lane, Charlottesville, Virginia 22903. The phone number is (804) 984-2327 and fax number is (804) 984-5430. Cardinal's counsel is Anne E. Franklin of Arnall Golden & Gregory, L.L.P., 2800 One Atlantic Center, 1201 West Peachtree Street, Atlanta, Georgia 30309.
3. The Application and supporting documentary information existing in the record indicate that Cardinal has the requisite technical and managerial ability to provide facilities-based interexchange telecommunications services within the State of Tennessee. Specifically, Cardinal's senior management team possesses extensive business, technical, operational and regulatory telecommunications experience.

4. Cardinal has the necessary capital and financial ability to provide the services it proposes to offer.

5. Cardinal has represented that it will adhere to all applicable policies, rules and orders of the Authority.

II. PROPOSED SERVICES

1. Cardinal intends to offer facilities-based and resold high-speed telecommunications services to its customers throughout the State of Tennessee. Cardinal intends to provide digital connections at a variety of speeds between customer-designated premises and the Applicant's network.

2. Except as may be authorized by law, Cardinal does not intend to serve any areas currently being served by an incumbent local telephone company with fewer than 100,000 total access lines where local exchange competition is prohibited pursuant to Tenn. Code Ann. § 65-4-201(d).

III. PERMITTING COMPETITION TO SERVE THE PUBLIC CONVENIENCE AND NECESSITY

Upon a review of the Application and the record in this matter, the Authority finds that approval of Cardinal's application would inure to the benefit of the present and future public convenience by permitting competition in the telecommunications services markets in the State and by fostering the development of an efficient technologically advanced statewide system of telecommunications services.

IV. SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN & BUSINESS ASSISTANCE PROGRAM

1. Pursuant to Tenn. Code Ann. § 65-5-212 and the Authority's Rules, Cardinal has filed a satisfactory small and minority-owned telecommunications business participation plan.

2. Cardinal has acknowledged its obligation to contribute to the funding of the small and minority-owned telecommunications business assistance program, as set forth in Tenn. Code Ann. § 65-5-213.

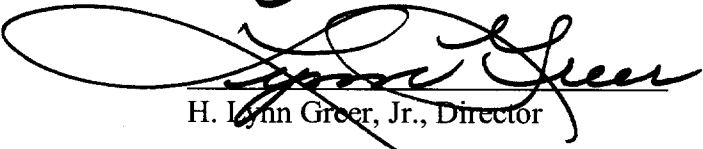
IT IS THEREFORE ORDERED THAT:

1. The Application of Cardinal Communications of Tennessee, Inc. as applied for is approved;

2. Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order; and

3. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary